THE *CONNECTION*

SUMMER 2002

Inside:

If you have questions or comments on any information contained in *The Connection*, please contact Vivian Pendleton at (360) 664-7654 or email: vivian.pendleton@ofm.wa.gov

Speed up. *$ave Money.*

State agencies now have the opportunity to expedite copy and print jobs, while also reducing print and storage expenses. The State Printer can help agencies streamline administrative processes and stretch dollars by utilizing state-of-the-art copy centers, print on-demand fulfillment services, mailing services, and online business card ordering.

Find out how the State Printer can benefit your agency by accessing the Best Practices website at http://www.wa.gov/dis/bestpractices/index.htm or go directly to the State Printer's website at http://www.prt.wa.gov/.

The State Printer recently joined the Departments of Information Services, Personnel, General Administration and the Office of Financial Management in promoting proven administrative best practices. More opportunities to improve statewide efficiencies and cost savings in other administrative areas are available on the Best Practices website.

For general best practices questions, contact Kathy Rosmond at kathy.rosmond@ofm.wa.gov / (360) 664-7771.

Legislative Mandates Affect Contracts

Beginning in January 2003, it will be mandatory for state agencies to follow the *Guide to Client Service Contracting* and the *Guide to Personal Service Contracting.*

On March 29, 2002, Governor Locke signed Senate Bill 5629 passed by the 2002 Legislature. The bill directs OFM to adopt uniform guidelines for management of personal service and client service contracts by all state agencies. Since a similar provision was included in Engrossed Substitute House Bill 2487 as part of the 2000 Supplemental Budget, these guidelines have already been published by OFM.

The *Guide to Client Service Contracting* was developed with the assistance of numerous agency staff and was issued in December 2000. The *Guide to Personal Service Contracting* was revised and re-issued in April 2001. OFM will continue to update both Guides as appropriate.

Comments from the Assistant Director

Sadie Rodriguez-Hawkins

The Public Wants Information… And We Want to Provide It.

Do you ever get frustrated when you're asked a question and have no resources to tap for the answer?

Questions such as:

? "How much time will I save on the road if there is an increased gas tax?"

? "Why can't my baseball league play on a school baseball field?"

? "How much is the state spending on protecting salmon?"

? "Will tougher sentencing laws make my neighborhood safer?"

While we would be happy to provide answers to these and other questions, not being able to cross jurisdictional boundaries to obtain information is crippling our ability to do so.

Even though we collect a plethora of data, we do not have the means to communicate governmental services information as a whole – in a seamless environment.

The Statewide Data Coordination Initiative (SDCI) recognizes this fact and has formed a consortium to deal with it. This initiative is a collaborative effort of state and local governments.

Partners of the consortium are: The Office of Financial Management, Department of Information Services, State Auditor's Office, Legislative Evaluation and Accountability Program, Association of Washington Cities, and the Washington Finance Officers Association.

The consortium is currently working on proposed recommendations that will

help support and promote information coordination efforts statewide.

It promoted a change in the state's budget instructions that encourages coordination of information across state agencies and local governments.

When state agencies request funds for data and information systems, they now are asked to describe their process for coordinating data with other state agencies and other levels of government; describe the proposed information to be shared in common with other agencies; and how the project will help to make data more useful.

The benefits that will come from this change will be increased ability to leverage investments, improved data consistency and timeliness, increased efficiencies by reducing duplication in data collection and reporting methods, and improved ability to respond to emerging information needs.

For more information, contact Lori Bame, Consortium Coordinator at bame_lo@leg.wa.gov / (360) 753-5950. Information on the consortium is also available on the LEAP website at: http://leap.leg.wa.gov/leap/special/sdci.asp.

Thanks!

We Asked, You Helped!

This quarter's sincere "thank you" goes to the Departments of Personnel, Agriculture, Parks, Health, and Labor and Industries for their important contribution to the Statewide Financial Systems Business Assessment.

As busy as these folks were, they still participated *extensively* in group interviews conducted by OFM. Agency staff communicated what they do, and why they do it. OFM staff listened and now are more equipped to help agencies meet their accounting needs.

We all recognize that process improvement does not come easily. But as a result of the inights we gained from agencies, we now know what areas to prioritize. We look forward to working jointly as we seek continuous improvement in our daily processes.

Again, thanks to our contributing agencies for such fine work – we couldn't have done it without them.

SDCI Vision

"Better Information for Better Decisions"

State and local governments bringing together information necessary to make decisions and demonstrate governmental accountability.

(continued from page 1)

The bill also requires the following:

1. Agencies are to submit a report to OFM "detailing the procedures the agency employed in entering into, renewing, and managing" personal service or client service contracts awarded after January 1, 2003.

   OFM anticipates requesting a copy of the agency's contract procedures, the total number of client service contracts and personal service contracts awarded for the calendar year beginning January 1, 2003, and the total dollar amount for both types of contracts.

2. Completion of contract training on personal service contracts and client service contracts will become mandatory in order to execute or manage contracts after January 1, 2004.

   OFM has been providing Client Service Contract training since January 2001, and offering Personal Service Contract training for several years. For the purposes of this requirement, those who have taken either the half-day or full-day client service training since January 2001 have satisfied the requirement.

   Those who have taken OFM's half-day or full-day personal service contract training since July 1999 have also satisfied the requirement. Agency staff that manage both client service and personal service contracts must attend both training sessions.

   In addition, state agencies may provide their own contract training to satisfy this requirement, if the course is approved in writing and in advance by OFM. Staff who have attended agency contract training based on OFM's curriculum, or agency contract training given in conjunction with OFM, have satisfied this requirement.

3. OFM is to conduct risk-based audits of the contracting practices associated with personal service and client service contracts.

   The first risk-based audit was conducted at three agencies in the spring of 2001, and the second audit is being conducted again this spring at four agencies. Due to limited funding, the audits may likely include only three or four agencies at a time. OFM will conduct the audits as deemed appropriate based on funding received.

If you have questions about these changes, please contact Susan Johnsen at susan.johnsen@ofm.wa.gov or (360) 725-5258.

Vendor Registration — As Easy As...

1 **Complete Forms**

2 **Print & Sign Forms**

3 **Mail Forms to OFM**

Agencies can now refer vendors to our new site for information about Direct Deposit (i.e. EFT – Electronic Funds Transfer) and Statewide Vendor registration.

The site contains some basic information about the benefits of Direct Deposit, frequently asked questions (and answers!) and the forms that we require for registration as a direct deposit recipient and statewide vendor.

These forms can be filled out online, printed, signed and mailed to us. Check out the website at: http://www.ofm.wa.gov/accounting/vendors.htm.

This website is brand new. We would greatly appreciate feedback from you and your vendors. Please email us at vendorhelpdesk@ofm.wa.gov with your impressions and/or any ideas for improvement.

Direct Deposit

News from the Governmental Accounting Standards Board

On May 28, 2002, the Governmental Accounting Standards Board (GASB) issued Statement 39 *Determining Whether Certain Organizations Are Component Units*. Statement 39 requires state and local governments to include information from certain nonprofit fundraising organizations in their annual financial statements. It covers organizations set up to fund universities, museums, libraries, or other facilities. Washington will be required to implement Statement No. 39 for Fiscal Year 2004 reporting. Under the standard, the state will be required to discretely present the financial activities of fundraising organizations in our CAFR.

If you have any questions, contact Wendy Jarrett at wendy.jarrett@ofm.wa.gov / (360) 664-7675.

FRIP Achieves Milestones

First Milestone
DSHS' current Cost Allocation System was successfully transferred to OFM for operations and maintenance in May 2002. This transfer frees up technical staff time for DSHS.

During the past four months, the Financial Reporting Improvement Project (FRIP) team met with various DSHS customers to solicit feedback, discuss and prioritize the requirements needed to release the new Cost Allocation Functions.

Second Milestone
DSHS' Change Control Board has approved the software requirement baseline for the Cost Allocation Integration.

Several data interfaces between DSHS' Cost Allocation System and their internal Financial Reporting System have been analyzed, documented and streamlined.

Next Steps
Now that the DSHS Cost Allocation functions and definition of data content requirements have been completed, the team will begin the analysis of the reporting requirements. DSHS Customers will be contacted for customer feedback, review of prototypes and prioritization of reports.

Thanks
We would like to thank the FRIP team and the DSHS customers we interviewed. Their efforts helped us achieve these milestones.

Questions?
If you have any questions regarding this project please contact Ann Bruner, Project Manager, at ann.bruner@ofm.wa.gov / (360) 664-7711.

Striving to Meet Your Accounting Needs

Kudos to the Departments of Personnel, Agriculture, Parks, Health and Labor and Industries who participated in OFM's Statewide Financial Systems' recent business assessment project! Through an extensive series of small group interviews with the fiscal staff at these agencies, we were able to learn how we could better help you with your accounting needs.

Our goal was to develop a long-term strategy for modernization of the systems you use and discover high-value process, policy or system improvements that could be shared to help agencies cope with the state's current budget crisis. We focused on six areas – accounts payable, revenue/accounts receivable, time collection, cost accounting, general accounting, and capital asset management.

The participating agencies also found the assessment valuable because it provided them an opportunity to stand back and really look at why they do things the way they do.

Here's a sample of the kinds of things we learned:

- Fiscal offices are extremely busy and that makes process improvement difficult.

- The top candidates for process improvement are accounts payable, payroll time collection, and capital asset management.

- It is most efficient to receive invoices centrally and approve them on an exception basis – as per RIP, SAAM Section 85.32.60 – and agencies need some accounts payable tools to make this practical.

- Agencies are really beginning to enjoy the efficiencies of hands-off payments – and they like IAP.

- Agencies need an account number field and a larger invoice number field to better support hands-off payments.

- Agencies need to be able to import spreadsheet data directly into AFRS.

- Before we can go paperless, on-line systems must be convenient and must present the right information.

- For on-line approvals, screens must present information in a format that supports decision-making.

- Central systems administration capability is needed.

- Baseline metrics are essential to support a business case for automation, but are difficult to gather.

The above items represent just a sampling of the valuable information that will assist us in helping you work towards process improvements. We very much appreciate the time and effort invested in the assessment project by the five participating agencies.

If you would like more information on the SWFS Business Assessment results or process, please contact Susan Dodson at susan.dodson@ofm.wa.gov or (360) 664-7689.

Statute of Limitation Function Added to AFRS

AFRS now generates automated cancellation entries for agencies' statute of limitation (SOL) warrants. SOL warrants are ones that have not been presented for payment within 180 days from date of issue. Previously, OST provided agencies with a list of warrants to be cancelled by SOL, and agencies had to then research each warrant to determine the account coding data. The new SOL process eliminates this research, thereby saving staff valuable time.

Benefits of the Automated SOL Entries are:
- Eliminates keying of cancellation entries by agencies - no keying errors.
- Balances in-process (GL 7130) for SOL.
- Automatically generates cancellation reports.
- No extra costs for the agency.

Here's how this new AFRS feature works:
The day after OST runs its monthly SOL process, AFRS will automatically generate cancellation entries for all SOL warrants (AFRS and non-AFRS generated warrants) for that month.

AFRS generated entries will contain the following data elements for each warrant:

> Current Document – SOL-YYMM (calendar year/month)
>
> Transaction Code - 455
>
> General Ledgers - 7130/5194(v)

An SOL cancellation batch is created in the IN.3 "Batch Header Summary" screen. The batch will default to a WS batch type. Agencies have the option of changing the batch type to meet their agency needs.

The SOL batch will be in an H (HOLD) status and will need to be reviewed and released by the agency for AFRS to post the cancellation entries.

SOL entries are controlled by OFM through the use of the D53 table. If your agency is not utilizing AFRS for SOL cancellation, call the AFRS' HELP Line to turn off the agency auto SOL generation.

Warrant Cancellation Reports (DWP91002) are generated and will be part of agencies' daily AFRS Reports. Two reports are produced:

1. The DWP91002D "Warrant Cancellation Detail Report' which shows detail warrant cancellation by warrant number, fund and vendor name (if any) and,

Helpful Administrative Resources
Just A Mouse Click Away!

If you haven't had an opportunity to visit the Administrative & Accounting Resources site yet, check it out at http://www.ofm.wa.gov/policy/resource.htm. This website can assist you in fulfilling policy requirements.

It contains useful information relating to internal control and risk assessment, guidelines on professional employee certifications, memberships and training and economical feasibility study worksheets. You can also find travel do's and don'ts and the color-coded per diem map.

We invite you to tell us how we can improve our site to make it even more useful and what information you would like to see added.

As you use these guidelines to customize and develop approaches to address your agency needs, share them with us. We would like to list them as resources for other agencies.

Recent additions to the resource site:

- Fiscal Year 2002 Year-End Closing Information, including
  - AFRS/CAFR Closing Schedule
  - Most Common AFRS Tran Codes for FM 12/99
  - Accounts Receivable/Payable Contact List
  - FY02 CAFR and Federal Reporting Presentations
  - OST FY02 Closing Schedule
- Small and Attractive Asset Risk Assessment Tool
- State of Washington CFDA Master Files as of March 2002 *Compliance Supplement*
- Superceded SAAM policies

We welcome your comments and suggestions and invite you to email us at ofm.policy.manual@ofm.wa.gov or call Pat Sanborn at (360) 664-7680.

New Online Payroll Resource

Payroll Consulting will be initiating a Payroll Administration Resource on the OFM Administrative and Accounting Resources website later this summer.

This site will provide you with recommended payroll-related procedures and forms, in addition to the policies outlined in SAAM.

The first topics covered will be the State pay date schedules for Years 2002, 2003 (when updated in WAC this July), and draft dates for 2004 and 2005.

Federal and state anticipated holidays will also be included, since those dates affect either the pay date schedules or the required payroll tax deposit schedules.

Your needs are important to us — help us help you! Please take a moment to fill out and return the electronic survey sent out to all Fiscal Managers and Payroll Supervisors in early July.

We will be seeking input on items such as:

1) Any payroll policy/form changes you would like to see.

2) What additional payroll-related resources would be helpful to you.

If you have any questions about the internet site or the survey, please contact Millie Lund at millie.lund@ofm.wa.gov or (360)-664-7678.

Spring & Summer Updates

To the State Administrative and Accounting Manual

Highlights
Agencies can now pay maintenance service contracts up to 12 months in advance and the CMIA threshold is increased to $23 million for annual federal expenditures.   For more information about these changes, please refer to http://www.ofm.wa.gov/policies.htm

Detail

Maintenance Service Agreements

In the 2002 session, the Legislature passed Senate Bill 5629 revising RCW 43.88.160(5)(e) allowing agencies to pay maintenance service contracts up to 12 months in advance, up from the previously allowed three months. See SAAM Subsection 85.32.50.b Maintenance Service Contracts (http://www.ofm.wa.gov/policy/85.32.htm).

Cash Management Improvement Act (CMIA)

In SAAM Subsection 50.40.30 the CMIA threshold increased to $23 million for annual federal expenditures. Responsibilities of agencies that administer CMIA programs Subsection 50.40.50 was expanded to include what to do when federal funds are not available. Questions regarding CMIA should be directed to Carolyn Stephens at email Carolyn.Stephens@ofm.wa.gov or (360) 664-7674.

Other Updates
The Fiscal Year 2002 state and federal reporting policies (SAAM Chapters 90 and 95 respectively) were issued; Chapter 15 Personal Service Contracts was revised and Chapter 16 Client Service Contracts was issued (for details, please read the *Legislative Mandates Affect Contracts* article); and The Chart of Accounts, Chapter 75, was updated to reflect 2002 legislative activity.

Who's New?   in Accounting
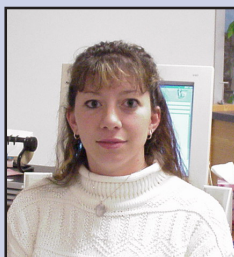
Justina Lanzo joined the Accounting Division on June 4, 2002 as the Receptionist at our Point Plaza West office. She provides a friendly welcome to our customers and visitors, as well as administrative support for Small Agency Client Services (SACS).

Prior to joining OFM, Justina worked temporarily for the Department of Labor and Industries as an Office Assistant in the Factory Assembly Structures division. She has also worked in the airline industry.

Justina enjoys working out, playing with her son, shopping, and traveling. She can be reached at Justina.Lanzo@ofm.wa.gov / (360) 664-7763.

Tech Notes

New Feature to Vendor Record Purges

AFRS Agency Vendor Record Purge Screen now allows vendor record purges by Last Used Date. After many agency requests, on May 30, 2002, this new feature was added to allow agencies to purge records that are no longer needed. The purge logic includes an examination of the vendor purge record Last Used Date versus the vendor record Last Used and Last Update dates.

Any agency vendor record used since December 7, 2001, now displays a Last Used Date. Vendor record purges by Last Used Date was made possible by the addition to the agency vendor screen (VE.2) of a new date field to display the date a vendor record was last used by the AFRS system.

Following is a summary of possible purge options.

Vendor Purge Key Last Used Date is blank:

Vendor records **will be eligible for purge*** strictly based upon a match with the vendor purge vendor number (exact vendor number or vendor number including wildcards). The vendor record Last Used and Last Update dates will not be a consideration.

Vendor Purge Key Last Used Date is *not* blank:

A vendor record **will be eligible for purge*** if the vendor record vendor number equals the purge key vendor number (exact vendor number or vendor number including wildcards) and the vendor record Last Used date and Last Update date are equal to or earlier than the purge key Last Used Date.

A vendor record **will *not* be eligible for purge** if the vendor record vendor number equals the purge key vendor number (exact vendor number or vendor number including wildcards) but the vendor record Last Used date and/or Last Update date are later than the purge key Last Used Date.

A vendor record **will *not* be eligible for purge** if the vendor record vendor number equals the purge key vendor number (exact vendor number or vendor number including wildcards), the vendor record Last Used date is blank, but the vendor record Last Update date is later than the purge key Last Used Date.

*Note: In any circumstance, a vendor record will not be eligible for purge if the vendor number exists in the agency disbursement history file, document file, error file, or warrant write file.

We have reviewed selected agency vendor files since December 7, 2001, and found that while there is an increase in the number of records being used, there are still many that are not. If some vendor files are no longer useful to your agency, you can save money and make it easier to manage your file by purging these records.

AFRS Agency Vendor Last Used Analysis								
	as of 12/28/01			as of 3/27/02			as of 5/28/02		
Agency	Total	# unused	% unused	Total	# unused	% unused	Total	# unused	% unused
A	2,726	2,668	97.87	2,762	2,560	92.69	2,785	2,525	90.66
B	8,533	7,772	91.08	9,034	6,468	71.60	9,342	6,137	65.69
C	4,493	4,248	94.55	4,647	3,877	83.43	4,706	3,822	81.22
D	4,652	4,323	92.93	4,744	3,776	79.60	4,778	3,637	76.12
E	12,451	11,834	95.04	7,791	5,805	74.51	7,986	5,496	68.82
F	4,406	4,024	91.33	4,448	3,359	75.52	4,477	3,160	70.58
G	35,248	34,175	96.96	42,511	39,248	92.32	24,933	20,854	83.64
H	7,716	7,383	95.68	6,428	5,235	81.44	6,655	5,131	77.10
I	23,374	22,233	95.12	22,993	19,829	86.24	22,514	18,608	82.65
J	1,319	1,260	95.53	1,146	647	56.46	1,216	616	50.66
Total	104,918	99,920	95.24	106,504	90,804	85.26	89,392	69,986	78.29

Two other vendor record purge features you should be aware of are the following two fields:

VALIDATED: - A 'Yes' will activate the purge key for processing during the weekly (Saturday) vendor purge job. A 'No' will not activate the purge key for processing.

RETAIN THIS VENDOR PURGE KEY UNTIL ALL AFFECTED VENDOR RECORDS ARE PURGED: - A 'Yes' will cause an activated (validated 'Y') purge key to be processed each week until the vendor number is purged or the purge key is removed by the agency. Please contact Phil Taylor at phil.taylor@ofm.wa.gov or (360) 664-7712 if you have any questions.

Statue of Limitation   *(continued from page 5)*

2. The DWP91002S "Warrant Cancellation Summary Report" which summarizes warrants cancelled by fund.

PLEASE NOTE THAT SOL ENTRIES ARE FOR AGENCY SIDE ONLY, DO NOT SEND CANCELLATION DOCUMENTS TO OST.

For AFRS generated warrants, SOL warrants can be viewed in the VE.7 "Warrant Cancellation Header" screen. On the VE.7, the status in the Activity column AGY is I (IN PROCESS). When the batch is processed and posted, the field will be changed to C (CANCELLED).

A revised Warrant Cancellation and SOL Automation Instructions Manual dated June 2002 is now available. Copies can be obtained from the AFRS documentation screen RR.4, page 5 or on the AFRS Intranet site http://ofmsys.wa.gov/swhp/.

For questions about this new feature, contact Marilei Amurao-Tabile at Marilei@ofm.wa.gov or (360) 664-7761.